

# Office of City Auditor

## **Cash Handling Audit Department of Executive Administration: Seattle Animal Control**

**March 5, 2009**

City of Seattle  
Office of City Auditor

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***Susan Cohen, City Auditor***



## City of Seattle Office of City Auditor

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### **Our Mission:**

To help the City of Seattle achieve honest, efficient management and full accountability throughout City government. We serve the public interest by providing the Mayor, the City Council, and City department heads with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of the citizens of Seattle.

### **Background:**

Seattle voters established our office by a 1991 amendment to the City Charter. The office is an independent department within the legislative branch of City government. The City Auditor reports to the City Council and has a four-year term to ensure his/her independence in selecting and reporting on audit projects. The Office of City Auditor conducts financial-related audits, performance audits, management audits, and compliance audits of City of Seattle programs, agencies, grantees, and contracts. The City Auditor's goal is to ensure that the City of Seattle is run as effectively and efficiently as possible.

### **How We Ensure Quality:**

The office's work is performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. These standards provide guidelines for staff training; audit planning, fieldwork, quality control systems, and reporting of results. In addition, the standards require that external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.

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## INTRODUCTION

Cash handling is a highly visible as well as an important government fiscal function; as such, it provides important public relations opportunities for the City. Citizens expect their governments to provide high-quality services and to be accountable for public funds. At cash handling sites, citizens observe government service and cash protection in action, and form judgments about how well their government is performing in both of these areas.

City Council Resolution 29604 requires departments every two years to submit to the Office of City Auditor the City Auditor's Cash Handling Self-Assessment Questionnaire. Adopted in 1997, the main goal of the resolution is to ensure that cash handling sites use professional cash handling procedures that include excellent customer service. Cash handling audits allow both the department and the City Auditor to assess a site's internal controls over cash handling<sup>1</sup>.

As part of its ongoing monitoring of City of Seattle cash handling sites, the Office of City Auditor conducted this audit to evaluate the cash handling policies, procedures, and practices at the Department of Executive Administration's Animal Control facility. This facility consists of two separate cash handling sites - one for the Spay/Neuter Clinic and one for the Pet Licensing operation. Our review of the Department of Executive Administration's cash handling operations focused primarily on the following three audit objectives:

1. Ensuring that the Department of Executive Administration's Spay/Neuter Clinic and Pet Licensing cash handling sites were not exposing the City's money to unnecessary risks.
2. Reviewing the Spay/Neuter Clinic and Pet Licensing sites to ensure they complied with Department of Executive Administration's policies and procedures.
3. Helping Department of Executive Administration management to improve their cash handling procedures and policies.

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## BACKGROUND

The Department of Executive Administration provides a variety of services to the public, including animal welfare services. Its Animal Control unit, which includes Spay/Neuter Clinic and Pet Licensing services, strives to improve the lives of animals in the City. This is accomplished through Animal Control's enforcement of licensing laws, leash laws, anticruelty laws, and laws related to dangerous animals.

Animal Control is located in one building at 2061 15<sup>th</sup> Avenue West in Seattle, which houses a small number of animals. Administrative functions are performed at this location, including cash handling. The majority of the cash handling transactions take place on the first floor at the Pet Licensing counter. Transactions include payments for citations, pet licenses, and animal adoptions. Payments are also accepted on the second floor in the Spay/Neutering Clinic for vaccinations, microchips, and spay/neutering services. Animal Control uses an automatic cash handling system, which is part of its Computerized Animal Tracking System (CATS).

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<sup>1</sup> For this audit, cash handling refers not only to the handling of currency and coin, but also of checks and credit card payments.

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## **SCOPE AND METHODOLOGY**

Our audit of Animal Control's cash handling procedures began in June 2008, and we completed our fieldwork in July 2008. The audit focused on the Pet Licensing Counter and the Spay/Neuter Clinic which handle all of the cash received by Animal Control.

The audit process included:

### **Data Gathering Phase**

- Collecting information pertaining to cash handling best practices,
- Reviewing Animal Control's policies and procedures manual, and
- Reviewing Payment Card Industry Data Security Standards.

### **Fieldwork Phase**

- Site visits to the Animal Control facility,
- Interviews with the site manager and cashiers,
- Preparing a cash handling assessment,
- Observing cash handling transactions for compliance with policies and procedures, and
- Creating an internal controls matrix assessing Animal Control's cash handling policies and procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## **CONCLUSIONS IN BRIEF**

Overall, the Department of Executive Administration Animal Control facility's cash handling policies, procedures, and practices appear to adequately ensure that City funds are not exposed to unnecessary risks. Management oversight is apparent at several levels in the facility's operations. Policies and procedures are clearly defined and presented to all staff. Staff members take steps to ensure that cash or other forms of payment are safeguarded against theft. However, the processes of accepting payments and balancing could be strengthened by implementing new procedures or adding staff.

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## CONCLUSIONS AND RECOMMENDATIONS

### **Conclusion 1: The physical safekeeping of money at the Spay/Neuter Clinic should be improved.** (Appendix I item #2)

During our visit to the Spay/Neuter Clinic we observed that although deposits are stored overnight in a locking drawer, the drawer does not provide adequate protection.

*Recommendation 1: The Spay/Neuter Clinic should obtain a safe or access to a safe to store overnight deposits.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* [The Clinic will purchase a safe for the storage of overnight deposits.](#)

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

### **Conclusion 2: Keys to cash handling areas and safes are not stamped "Do Not Duplicate".** (Appendix I item #4)

Keys in cash handling areas for both the Pet Licensing Counter and the Spay/Neuter Clinic are not stamped "Do Not Duplicate".

*Recommendation 2: Animal Control should obtain keys for the cash handling areas or safes that are stamped "Do Not Duplicate".*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* [On August 13, 2008 Argens stamped safe and cash drawer keys with "Do Not Duplicate."](#)

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

### **Conclusion 3: Cashiers did not always lock their terminals when leaving them unattended.** (Appendix I items #9 and #10)

During our site visit to the Spay/Neuter Clinic we obtained evidence that the site's cashiers do not always lock their terminals when leaving them unattended. We obtained a receipt that showed that a cashier performed a transaction on another cashier's account. The cashier then scratched out the user ID of the cashier logged in and replaced it with her own. If cashiers share cash drawers and make transactions on each other's accounts, accountability for transactions can not be traced back to a single cashier.

*Recommendation 3: Cashiers should lock their terminals when they leave them or log off if the computer will be needed while the cashier is away.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* [All Pet Licensing staff currently log off their computers when leaving their workstations. On August 14, 2008, the Spay/Neuter Clinic staff was instructed to log off when they leave their workstations and ensure that they are locked.](#)

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

*Recommendation 4: Cashiers who are not assigned a register and drawer should not conduct transactions. (Appendix I item #12)*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation: All persons assuming responsibility as a cashier will be assigned a cash drawer solely for their use during that business day.*

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

**Conclusion 4: All cashier stations do not have easy access to a security alarm in the event of a robbery. (Appendix I item #11)**

We observed that not all cashier stations have security alarm buttons. Without an alarm button at each site, the cashier may not have an opportunity to discreetly activate the alarm in the case of a robbery or emergency.

*Recommendation 5: Animal Control should install a security alarm at Clinic's rear cashier location to allow the cashier to notify police in the event of a robbery.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation: A panic button has been ordered for the Clinic's rear workstation.*

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

**Conclusion 5: Animal Control does not use an armored car service to transport deposits to the City Treasury or transport money needed to maintain a change fund. (Appendix I items #14 & #43)**

Animal Control relies on a City courier to transport their deposits to the City Treasury unit and does not have a procedure for restocking change for cash drawers.

*Recommendation 6: Animal Control should use an armored car service to transport the City's deposit and to restock change for cash drawers.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation: Animal Control currently uses a City courier Monday through Friday at 9:00 a.m. to pick up deposits that are delivered directly to Treasury in a locking cash bag. Animal Control has utilized a City courier for over two decades without an incident of loss.*

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

*Recommendation 7: Animal Control should develop a procedure for restocking cash drawers with change. (Appendix I item #14)*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* We will create a transfer slip that shows the transfer of any cash between cash drawers. This slip will be filed with the daily deposit records.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment matrix for this control to fully complies.

**Conclusion 6: Cashiers do not ask for identification when customers write a check at the site.** (Appendix I item #17)

According to Animal Control officials, their customers are not required to present identification when they write checks in person because Animal Control does not require its customers who mail in checks to provide identification.

*Recommendation 8:* Cashiers should ask customers who pay with a check at the site for identification.

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* The Department of Executive Administration does not require identification from customers who pay with a check. The Computerized Animal Tracking System database records sufficient information in order to tie the erroneous payment to the person writing the dishonored check if needed.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment matrix for this control to partially complies.

**Conclusion 7: The Pet Licensing cashiers control every step of the cash handling process from receiving payments to depositing and reconciling the funds, which creates potential opportunities for mistakes and fraud.** (Appendix I item #37)

Animal Control management stated the cashiers who work at the Pet Licensing Counter reconcile the collection receipts and credit card statements with the information entered into the Computerized Animal Tracking System (CATS) and prepare the forms for transmitting cash, credit card receipts, checks and CATS reports to the Treasury Division..

*Recommendation 9:* A person who is not a cashier should be the one who reconciles the collection receipts and credit card statements with the deposits.

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* Individual work units do not reconcile the statements to deposits. It is the Treasury Division that performs this function for the entire department.

*Further information received from the Treasury Division on February 23, 2009 to clarify the original information received from Animal Control management and the Treasury Division:* The Animal Control cashiers receive and record the payment from walk-in customers. They send all the paperwork and the cash/checks etc. to Treasury staff for recording in STORM (the Treasury Division cash receipting system). The Treasury cashiers balance the paperwork with the tender and later that day prepare a bank deposit of all the days' funds.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment



*matrix for this control to fully complies.*

**Conclusion 8: Signs requesting that customers obtain a receipt were obscured.** (Appendix I item #30)

On the day of our visit to the Spay/Neuter Clinic the sign on the counter stating that customers must obtain a receipt was covered by multiple objects.

*Recommendation 10: All signs stating that customers must obtain receipts should be easily visible.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation: The Pet Licensing counter has three signs on the main counter. The Spay/Neuter Clinic has one sign on their counter which has now been moved, is no longer obscured or covered up, and is visible to the public.*

*Office of City Auditor Response: Based on the department's response, we revised our assessment matrix for this control to fully complies.*

**Conclusion 9: Animal Control does not have a blind reconciliation process.** (Appendix I item #34)

The blind reconciliation process requires cashiers to first count out the day's payments, record their counted amount in the system, and then print a daily balancing report. The system prints the report with the amount of money the cashier entered, and the amount the system reports the cashier should have. If the amount that the cashier inputted does not match the system-generated amount, the system reports the variance. Management regularly reviews these variances. The risk with non-blind counts is that cashiers have the ability to "force balance," by either pocketing an overage or covering a shortage using personal funds.

*Recommendation 11: Animal Control should introduce blind reconciliation into their close-out procedures.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation: We do not have staffing levels that would allow aid in the close-out procedures. We do have compensating controls such as supervisory check of each deposit which includes a review of the Computerized Animal Tracking System (CATS) report against the actual deposit of checks, cash, and credit cards. Staff is still required to report overages/shortages. The CATS database generates receipts for each transaction.*

*Office of City Auditor Response: Based on the department's response, we revised our risk assessment matrix rating for this control to medium risk, but not the compliance rating which remains at not in compliance.*

**Conclusion 10: Cashiers prepare their own deposits and daily cash balancing reports.** (Appendix I item #36)

Animal Control's current close-out procedures have all cashiers prepare their own deposit, which is composed of in-person transactions, and payments received by mail or by telephone. A key control to help protect cash handling sites from fraud is segregating important duties.

*Recommendation 12: Cashiers should not prepare their own deposits and reconciliations.*

*Department's August 15<sup>th</sup> 2008 Response to Recommendation:* This issue was addressed in the 2004, Internal Control Objective Question #14. There is a secondary review by a supervisor or manager of each deposit made. Staff records every entry in the database, every keystroke and void is captured. Again, we do not have the staffing levels to accommodate this procedure.

*Further information received from the Treasury Division on February 23, 2009:* The Animal Control cashiers receive and record the payment from walk-in customers. They send all the paperwork and the cash/checks etc. to Treasury staff for recording in STORM (The Treasury Division cash receipting system). The Treasury cashiers balance the paperwork with the tender and later that day prepare a bank deposit of all the days' funds.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment matrix for this control to fully complies.

**Conclusion 11:** Cashiers are not required to take vacations or be temporarily reassigned and while they are absent their positions are not filled by another cashier. (Appendix I item #55)

Animal Control does not require their cashiers to take mandatory vacations, although their cashiers voluntarily take vacations. It is important for cashiers to take vacations or be temporarily reassigned to limit fraud and ensure cash handling procedures are being executed properly. While gone, their position should be filled by another cashier.

*Recommendation 13:* Cashiers should be required to take vacations or be temporarily reassigned and have their position filled during their absence.

*Department's February 2, 2009 Response to Recommendation:* The Department of Executive Administration will revise staffing schedules to ensure that cashiers, on an annual basis, are temporarily reassigned from their regular duties and that their responsibilities are handled by other individuals during such absences.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment matrix for this control to fully complies.

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## ADDITIONAL MATTERS FOR CONSIDERATION

There is a risk that a day's worth of Spay/Neuter revenue will not be deposited within 24 to 48 hours because it is not reconciled until the next day. During our site visit we observed that the Spay/Neuter Clinic previous day's deposit was not reconciled until late afternoon. Since cash is only picked up once daily from Animal Control (early in the morning), failing to reconcile the deposit after business hours or early the next day leaves the opportunity for deposits to go multiple days without being deposited. (Appendix I items #41 & #42)

*Department's August 15<sup>th</sup> Response to Recommendation:* This problem stemmed from the Spay/Neuter Clinic not having enough locking bags to send the deposits to Treasury. Two more cash bags were ordered for the Spay/Neuter Clinic and are now in use.

*Office of City Auditor Response:* Based on the department's response, we revised our assessment

matrix for this control to fully complies.

## APPENDIX I- Cash Handling Assessment Matrix

To evaluate the Department of Executive Administration Animal Control cash handling processes and procedures, we developed an assessment matrix of several important internal controls regarding cash handling practices.

### Control Compliance Criteria:

- **Green Rating** = Animal Control complies with the stated control.
- **Yellow Rating** = Animal Control partially complies with the stated control.
- **Red Rating** = Animal Control does not comply with the stated control.

### Risk Level Criteria:

- **Green Rating** = Animal Control management has reduced risk to an acceptable level.
- **Yellow Rating** = The risk, while not unacceptable, could be further reduced or would benefit from additional monitoring by management.
- **Red Rating** = An acceptable level of risk has not been achieved. Management needs to address this risk and reduce it.

Physical Safekeeping of Cash, Checks, and Credit Card Slips			
	Compliance Level	Comments	Risk Level
1. During business hours the site(s) maintains adequate physical facilities for safeguarding cash, checks, and credit card slips.	Fully Complies	Spay/Neuter Clinic and Pet Licensing Counter personnel store the revenue they receive in cash drawers that can be locked.	Low Risk
2. During non-business hours the site(s) maintains adequate physical facilities for safeguarding cash, checks, and credit card slips.	Fully Complies	<p>The Spay/Neuter Clinic stores its deposits out of sight overnight in a locked drawer. However, it appears the drawer could be easily pried open and its contents stolen. Pet Licensing uses a locking safe.</p> <p>Department's Response: <a href="#">The Clinic will purchase a safe for the storage of overnight deposits.</a></p> <p>Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's corrective action.</p>	Low Risk
3. Only authorized personnel have access to cash handling areas, keys to those areas, and/or safe	Fully Complies	Animal Control employees are the only people allowed access to cash handling areas.	Low Risk

combinations.			
4. Keys to cashier areas are stamped "Do Not Duplicate."		Keys to cash handling areas and safes are not stamped "Do not Duplicate".	
	<b>Fully Complies</b>	Department's Response: On August 13, 2008 Argens stamped safe and cash drawer keys with "Do Not Duplicate."	<b>Low Risk</b>
		Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's corrective action.	
5. Senior staff maintains a list identifying who knows safe combinations and has keys to locked boxes and cash handling areas.		List last updated July 30, 2007.	
	<b>Fully Complies</b>		<b>Low Risk</b>
6. Management changes safe combinations and keys when key employees transfer or are terminated, or for other security reasons.		Locks are also changed if a key is lost.	
	<b>Fully Complies</b>		<b>Low Risk</b>
7. Cashiers lock safes and secured areas when they must leave the area.		We observed that safes and secured areas were locked when cashiers were away.	
	<b>Fully Complies</b>		<b>Low Risk</b>
8. Each individual uses a unique login ID and password to access the automated point of sale system.		We observed that each individual has a unique login ID and password.	
	<b>Fully Complies</b>		<b>Low Risk</b>
9. Each individual locks his/her terminal when leaving it unattended.		A report indicated that one Clinic cashier had not logged off and another cashier had completed a transaction in their name.	
	<b>Fully Complies</b>	Department's Response: All Pet Licensing staff currently log off their computers when leaving their workstations. On August 14, 2008 the Spay/Neuter Clinic staff was instructed to log off when they leave their workstations and ensure that they are locked.	<b>Low Risk</b>
		Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's	

		corrective action.	
10. Each individual logs out after he/she is finished using the system.		We were told that when cashiers are finished with their shift they must log out.	
	<b>Fully Complies</b>	Department's Response: All Pet Licensing staff currently log off their computers when leaving their workstations. On August 14, 2008 the Spay/Neuter Clinic staff was instructed to log off when they leave their workstations and ensure that they are locked.	<b>Low Risk</b>
		Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's corrective action.	
11. Cashiers have access to a security alarm or buzzer that alerts management or security personnel of robberies or other threatening activities.		We observed that the rear Clinic cashier station lacks a security alarm at their desk.	
	<b>Fully Complies</b>	Department's Response: A panic button has been ordered for the Clinic's rear workstation.	<b>Low Risk</b>
		Office of City Auditor Comment: We have changed the compliance and risk ratings to reflect the department's corrective action.	
<b>Daily Activities</b>			
12. One cashier is responsible for one cash drawer at any given time.		The Spay/Neuter Clinic has only 2 cash registers and 3 cashiers.	
	<b>Fully Complies</b>	Department's Response: All persons assuming responsibility as a cashier will be assigned a cash drawer solely for their use during that business day.	<b>Low Risk</b>
		Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's corrective action.	
13. Cashiers record all transactions in the cash/point of sale registers immediately upon receiving money.		The only payments that are not recorded immediately are those received in the mail by Pet Licensing which are recorded throughout the day when cashiers have time. The Spay/Neuter Clinic does not receive	
	<b>Fully Complies</b>		<b>Low Risk</b>

		payments by mail.	
14. An armored car service delivers cash to the site that will be used for making change.		Animal Control relies on a City courier to transport its deposits to the City's Treasury Division and does not have a procedure for restocking change for cash drawers.	
	<b>Fully Complies</b>	Department's Response: <a href="#">Animal Control currently uses a City courier Monday through Friday at 9:00 a.m. to pick up deposits that are delivered directly to the Treasury Division in a locking cash bag. Animal Control has utilized a City courier for over two decades without an incident of loss.</a>	<b>Low Risk</b>
		<a href="#">We will create a transfer slip that shows the transfer of any cash between cash drawers. This slip will be filed with the daily deposit records.</a>  Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's use of a City courier and creation of an internal process to provide change for the cash drawers.	
15. Cashiers use a counterfeit detection pen to verify the authenticity of bills.	<b>Fully Complies</b>	Cashiers use a counterfeit pen for bills that are over twenty dollars.	<b>Low Risk</b>
16. Cashiers endorse checks "City of Seattle, For Deposit Only" immediately upon receipt.	<b>Fully Complies</b>	We observed that cashiers use a stamp to endorse checks for the City.	<b>Low Risk</b>
17. Cashiers require customers to present identification when paying in-person with checks.	<b>Partially Complies</b>	Department's Response: <a href="#">The Department of Executive Administration does not require identification from customers who pay with a check. The Computerized Animal Tracking System (CATS) database records sufficient information to tie the erroneous payment to the person writing the dishonored check if needed.</a>	<b>Medium Risk</b>

		Office of City Auditor Comment: We changed the compliance and risk rating to reflect the bad check protection identified by the department. The CATS database may not provide bad check protection for the City if walk-in customer information is not correctly entered in the database.	
18. Cashiers do not exchange personal checks made payable to the City for cash.	<b>Fully Complies</b>	We were told that Animal Control does not accept personal checks in exchange for cash.	<b>Low Risk</b>
19. Cashiers do not accept second-party checks.	<b>Fully Complies</b>	We were told that Animal Control does not accept second-party checks.	<b>Low Risk</b>
20. Cashiers do not give cash back for checks written over the amount due.	<b>Fully Complies</b>	We were told that cashiers cannot give cash back for checks written over the amount due.	<b>Low Risk</b>
21. Cashiers receive authorization for credit card transactions through their credit card terminal before they complete a credit card transaction with a customer.	<b>Fully Complies</b>	We were told that cashiers wait for credit cards to be approved before continuing the transaction.	<b>Low Risk</b>
22. When a customer pays with a credit card, the cashier matches the signature on the back of the credit card with the signature on the credit card slip, and also checks the credit card's expiration date.	<b>Fully Complies</b>	We were told that cashiers match the signature of the credit card to the signature on a customer's identification.	<b>Low Risk</b>
23. Cashiers do not write down complete credit card numbers when a customer pays with a credit card.	<b>Fully Complies</b>	We observed that cashiers do not write down complete credit card numbers when taking a credit card payment.	<b>Low Risk</b>
24. Refunds are made only by check/warrant/credit card and only to the individual who made the payment.	<b>Fully Complies</b>	A cashier will use a refund request, which is then authorized by one of two managers. The Treasury Division issues the refund via check.	<b>Low Risk</b>
25. The site has back-up procedures when the automated system is down.	<b>Fully Complies</b>	When the Computerized Animal Tracking System is down, Animal Control uses a manual receipt book to record transactions and does not accept credit card payments. They only handle payments in person (i.e., they do not take mail or telephone	<b>Low Risk</b>

		payments) when the system is down.	
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<b>Cash Receipting</b>			
26. All cash/ Point of sale registers can generate receipts.	<b>Fully Complies</b>	We confirmed that the site's point of sale registers can generate receipts.	<b>Low Risk</b>
27. All manual and system-generated receipts are pre-numbered.	<b>Fully Complies</b>	We observed that manual receipts are pre-numbered and automatic receipts generated are numbered sequentially.	<b>Low Risk</b>
28. Receipts are uniquely numbered so that duplicate numbers will not occur.	<b>Fully Complies</b>	We confirmed that all receipts are uniquely numbered.	<b>Low Risk</b>
29. Cashiers provide register receipts to all customers.	<b>Fully Complies</b>	We observed that customers received receipts from cashiers.	<b>Low Risk</b>
30. Cashier areas display signs stating customers must take a receipt.		The sign at the Clinic was obscured because so many things were placed on top of it.	
	<b>Fully Complies</b>	Department's Response: <a href="#">The Pet Licensing counter has three signs on the main counter. The Spay/ Neuter Clinic has one sign on their counter which has now been moved, is no longer obscured or covered up, and is visible to the public.</a>	<b>Low Risk</b>
		Office of City Auditor Comment: We changed the compliance and risk ratings to reflect the department's increasing the number and visibility of the signs.	
31. Cashiers secure manual receipt forms in a locked storage place when not in use.	<b>Fully Complies</b>	We observed that when manual receipt books were not in use they were secured.	<b>Low Risk</b>
<b>Cash Depositing</b>			
32. All cash/Point of sale registers can produce a system-generated balancing report.	<b>Fully Complies</b>	We observed that all point of sale registers can produce a balancing report.	<b>Low Risk</b>
33. The system-generated balancing reports include date and preparer's initials.	<b>Fully Complies</b>	We received documentation of the system report which included a date and the preparer's initials.	<b>Low Risk</b>
34. Closing out procedures include blind reconciliation.	<b>Not in Compliance</b>	Animal Control does not perform blind reconciliations.	<b>Medium Risk</b>
		Department's Response: <a href="#">We do not have staffing levels that would allow aid in the close-out procedures. We do have compensating controls such as</a>	

		<p>supervisory check of each deposit which includes a review of the Computerized Animal Tracking System (CATS) report against the actual deposit of checks, cash, and credit cards. Staff is still required to report overages/shortages. The CATS database generates receipts for each transaction.</p> <p>Office of City Auditor Comment: We changed the risk rating from high to medium to reflect the theft protection provided by the department's detective controls.</p>	
35. Two people confirm the payments received.	<b>Fully Complies</b>	We were told that the manager for each site will sign off on the deposit.	<b>Low Risk</b>
36. Cashiers do not prepare and sign the bank deposit and do not print out the daily cash balancing report.		<p>We observed that cashiers can print the daily cash balancing report and prepare their own deposits.</p> <p>Department's Response: The department has a secondary review by a supervisor or manager of each deposit made. However, they do not have the staffing levels to accommodate this procedure. The Treasury Division performs the bank statement reconciliation function for the entire department. The Animal Control staff receives and records the payment from walk-in customers. They send all the paperwork and the cash/checks etc. to Treasury staff for recording in STORM (The Treasury Division cash receipting system). The Treasury cashiers balance the paperwork with the tender and later that day prepare a bank deposit of all the days' funds.</p> <p>Office of City Auditor Comment: We changed the compliance and risk ratings based on the department's response.</p>	
	<b>Fully Complies</b>		<b>Low Risk</b>
37. Individuals receiving mail, telephone, and/or online payments are not the individuals who prepare	<b>Fully Complies</b>	Cashiers who receive mail and telephone payments also prepare bank deposits. Online payments are not processed by the people who prepare	<b>Low Risk</b>

bank deposits.		<p>bank deposits.</p> <p>Department's Response: The Treasury Division performs the bank statement reconciliation function for the entire department. The Animal Control staff receives and records the payment from walk-in customers. They send all the paperwork and the cash/checks etc. to Treasury staff for recording in STORM (cash receipting system). The Treasury cashiers balance the paperwork with the tender and later that day prepare a bank deposit of all the days' funds.</p> <p>Office of City Auditor Comment: We changed the compliance and risk ratings based on the department's response.</p>	
38. The department requires details of currency and/or checks on the deposit slips.	Fully Complies	We obtained documentation that shows that details of currency and/or checks are recorded on the deposit slip.	Low Risk
39. Cashiers do not reconcile bank deposits with system reports.	Fully Complies	They reconcile the credit cards, but not the bank statement, because they do not receive the statement.	Low Risk
40. The department requires the preparation of duplicate or triplicate deposit slips.	Fully Complies	We observed that deposit slips are prepared in triplicate.	Low Risk
41. The department requires the preparation and recording of daily deposits within 24 to 48 hours as required by City policy.	Fully Complies	City Courier comes at 9:15 a.m. Monday to Friday. The Clinic does not close out until the next day, which is within the required 24 to 48 hours.	Low Risk
42. The department requires the use of tamper-proof deposit bags for making deposits.	Fully Complies	We observed the tamper-proof deposit bags.	Low Risk
43. An armored car service picks up deposits.	Fully Complies	<p>Animal Control uses a City courier.</p> <p>Department's Response: Animal Control currently uses a City courier Monday through Friday at 9:00 a.m. to pick up deposits that are delivered directly to Treasury in a locking cash bag. Animal Control has utilized a City courier for over two decades without an incident of loss.</p>	Low Risk

		Office of City Auditor Comment: We changed the compliance and risk rating from not in compliance and high risk to fully complies and low risk to reflect the department's use of a City courier service without incident for over 20 years.	
44. An individual other than the person making the deposit receives bank statements and deposit slips.		Pet Licensing cashiers reconcile the deposits with the collection receipts.	
	Fully Complies	Department's Response: <a href="#">The Treasury Division performs this function for the entire department.</a>	Low Risk
		Office of City Auditor Comment: We changed the rating to reflect the department's separation of duties procedures.	
<b>Monitoring</b>			
45. Management regularly reviews revenue trends and averages.	Fully Complies	Trends are reviewed weekly by the Treasury Division for the Mayor's Report.	Low Risk
46. Management investigates all substantial variations from norms such as voids, no sales, refunds, errors, etc.		The Operations Manager reviews all voids. The Animal Control Director must approve all refunds.	
	Fully Complies		Low Risk
47. Cashiers must receive a site supervisor's approval before voiding transactions.	Fully Complies	Cashiers must have a manager enter a code to allow them to void a transaction.	Low Risk
48. Management regularly reviews void transaction activity.	Fully Complies	The Operations Manager reviews void activity.	Low Risk
49. Cashiers report all overages and shortages to management.	Fully Complies	Cashiers report all overages and shortages to management.	Low Risk
50. Cashiers or managers immediately report shortages over \$100 to the Treasury Division of the Department of Executive Administration and the City Auditor's Office.		Cashiers would fill out a loss form and give it to management who will pass the report on to the City Risk Manager, Department of Executive Administration Treasury Services, Department of Executive Administration Central Accounting, Office of City Auditor, and the State Auditor's Office.	
	Fully Complies		Low Risk
51. Management verifies the cash and check amount on	Fully Complies	We were told that the site manager verifies and initials the cashiers'	Low Risk

the deposit slips to the system-generated balancing reports.		deposits slips, which are then reconciled by the site manager with the system report.	
52. Each month the department's accounting office reconciles the sites' bank statements.	<b>Fully Complies</b>	They are reviewed weekly by Treasury Division for the Mayor's Report.	<b>Low Risk</b>
53. Individuals responsible for receiving cash, checks, and credit card payments are not the individuals who reconcile the bank statements.	<b>Fully Complies</b>	<p>Pet Licensing cashiers reconcile the collection receipts.</p> <p>Department's Response: <a href="#">The Treasury Division performs the bank statement reconciliation function for the entire department.</a></p> <p>Office of City Auditor Comment: We changed the rating to reflect the department's separation of duties procedures.</p>	<b>Low Risk</b>
54. The department's accounting office reconciles credit card transaction totals to the credit deposits on the bank statement.	<b>Fully Complies</b>	<p>Pet Licensing cashiers reconcile the credit deposits with the credit card statements.</p> <p>Department's Response: <a href="#">The Treasury Division performs the bank statement reconciliation function for the entire department.</a></p> <p>Office of City Auditor Comment: We changed the rating to reflect the department's separation of duties procedures.</p>	<b>Low Risk</b>
55. Cashiers must take annual vacations, and another individual handles their responsibilities during their absence.	<b>Fully Complies</b>	<p>Cashiers are not required to take vacations or be temporarily reassigned and while they are absent their positions are not filled by another cashier.</p> <p>Department's Response: <a href="#">The Department of Executive Administration will revise staffing schedules to ensure that cashiers, on an annual basis, are temporarily reassigned from their regular duties and that their responsibilities are handled by other individuals during such absences.</a></p> <p>Office of City Auditor Comment: We</p>	<b>Low Risk</b>

		changed the compliance and risk ratings based on the department's response.	
56. Cashiers must complete the Department of Executive Administration's Finance Division cash handling training.	<b>Fully Complies</b>	The cashiers completed the Department of Executive Administration cash-handling training.	<b>Low Risk</b>
57. Cashiers must complete the department's cash-handling training.	<b>Fully Complies</b>	The cashiers completed the Department of Executive Administration cash-handling training.	<b>Low Risk</b>